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12. Determine frequency of such audits but in any event provide for the audit of each proprietary at least annually.

13. In the performance of audits by Agency auditors:

- a. Arrange for appropriate cover.
- b. Determine that the administrative plan has been complied with.
- c. Conduct a commercial or comprehensive type audit to determine that funds advanced by the Agency or funds otherwise acquired for account of the Agency have been properly accounted for. This includes a review of controls and procedures, verification of assets and liabilities, and audit of transaction to the extent deemed necessary. This will include audit of agents' salaries, travel, and other operating costs.
- d. Determine that the assets of the proprietary are properly maintained and safeguarded.
- e. Observe and appraise any activities or expenses which do not appear to be reasonable and in the best interest of the Agency.



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- g. Determine that income tax returns have been prepared. If not, prepare or have such returns prepared by appropriate office.
- h. Submit audit reports with appropriate financial statements containing findings and recommendations to the Deputy Director (Administration), the organizational components concerned, and such other officials whose responsibilities may be involved.

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14. For audits performed by public accounting firms:

- a. Select and arrange for employment of firm.
- b. Prepare instructions as to type and extent of audit outlining particular phases to be emphasized such as signature on checks, lease restrictions, rates, and period, listing of source of funds and type of reports required.
- c. Review audit report, reconcile with Agency records, and submit report by memorandum with appropriate comments.

15. Perform special audits as directed.

16. Follow up to determine action taken on deficiencies or other matters commented upon in the report.

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Property and Contracts Audit Branch

17. Audit property accounts of the Agency at least annually to determine compliance with regulations and adequacy of property accounting systems covering stores and equipment in storehouses, property in use, property in transit, and real property owned or leased.

18. In performing audits of property accounts, survey property accounting systems, review records of stock on hand or in use, arrange for or make physical inventory to extent necessary for proper audit, check inventory results against records and investigate major differences by analyzing transactions of record, provide for adjustments to records where necessary and prepare audit reports.

19. Review audits and audit procedures of Comptroller's Office on industrial (or production) and research and development contracts.

20. Review contract provisions, plans, and specifications to determine proper performance, test check as necessary expenditures for which contractors are reimbursed and payments to contractors to determine propriety of such payments under the terms of the contract and applicable laws and regulations.

21. Perform special audits as directed.

22. Prepare reports of audits and, where appropriate, follow-up audit reports to determine that corrective action recommended has been initiated and carried through.

General Audits Branch

23. Audit at least annually financial records and accounts of the Agency other than those relating to proprietary projects, property, and industrial contracts. The audit coverage includes accountings submitted by field stations where there are no certifying officers and, therefore, no final audits by Field Audit Units.

24. Audit, or arrange for the audit of, all matters relating to the receipt, disbursement, and application of funds available to, held or used by the subsidy and other projects of the Agency.

25. Audit all Agency sponsored activities such as the Government Employees Health Association and the Federal Credit Union for compliance with applicable laws and regulations as well as with generally accepted standards governing financial practices appropriate to the activity concerned.

26. Audits are of a comprehensive or commercial nature, using generally accepted auditing standards. In the performance of such audits:

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- a. Review procedures to determine effectiveness of internal controls and compliance with those prescribed by the Agency. This will include an appraisal of the condition of records.
 - b. Based on the findings with respect to the adequacy of internal controls, determine the scope of the audit.
 - c. Verify the physical existence of Agency assets, wherever possible. Where applicable, count cash, confirm bank balances, consider adequacy of safekeeping facilities, and the like.
 - d. Based on the scope of the audit, test check individual transactions to the extent necessary.
27. Perform special audits as directed.
28. Prepare reports of audits and, where appropriate, follow up audit reports to determine that corrective action recommended has been initiated and carried through.

Field Audit Units

29. Field Audit Units carry out the responsibilities of the Auditor-in-Chief in certain overseas areas in accordance with [REDACTED] [REDACTED] The personnel in these units are under the direction of the Auditor-in-Chief insofar as all technical duties are concerned. For administrative purposes, however, they are attached to the station or mission where the office of the unit is located and are included in the respective area division's overseas table of organization and budget.

30. In the assigned areas, the Field Audit Units examine the activities of components engaged in accounting for Agency funds, property, and other material assets to insure that Agency policies, practices and procedures are followed. Final audits are made at the stations having authorized certifying officers and inspections are made at other stations. Final audits of the accountings of the latter stations are made at Headquarters.

31. Functions of the Field Audit Units include:

- a. Audit, or arrange for the audit of, all matters relating to the receipt, disbursement, and application of funds and assets available to, held or used by proprietary, subsidy, and other projects.

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- b. Audit property accounts of the Agency to determine compliance with regulations and adequacy of property accounting systems covering stores and equipment in storehouses, property in use, property in transit, and real property owned or leased.
- c. Audit all other financial records and accounts.
- d. Prepare reports of audits and, where appropriate, follow up audit reports to determine that corrective action recommended has been initiated and carried through.

Date: 3 December 1954

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